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Attorneys for Defendant
DIRECTOR OF TAXATION,
STATE OF HAWAII

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF HAWAII

UNITED STATES OF AMERICA,

Plaintiff,

vs.

MICHAEL WILLIAM FLAHERTY,
MARGARET RONA LEE FLAHERTY,
BANK OF HAWAII, THE STATE OF
HAWAII, DEPARTMENT OF TAXATION,

Defendants.

Case No. CV08-00493 (SOM/KSC)

DEFENDANT STATE OF HAWAII,
DEPARTMENT OF TAXATION'S
SCHEDULING CONFERENCE STATEMENT

Scheduling Conference
Date: February 9, 2009
Time: 9:00 a.m.
Judge: The Honorable Kevin S.C.
Chang

321270.1

DEFENDANT STATE OF HAWAII, DEPARTMENT OF
TAXATION'S SCHEDULING CONFERENCE STATEMENT

COMES NOW Defendant Director of Taxation, State of Hawaii
("DIRECTOR"), by and through his attorney KRISTIE CRUZ CHANG,
Deputy Attorney General, State of Hawaii, hereby respectfully
submits his Scheduling Conference Statement in accordance with

Rule 16 of the Federal Rules of Civil Procedure and Local Rule 16.2(b) of the Rules of the United States District Court for the District of Hawaii.

1. Short Statement of the Case.

This case arises out of the non-payment of taxes and tax liability owed by Defendant MICHAEL WILLIAM FLAHERTY to Plaintiff United States of America and the Internal Revenue Service ("IRS"). The IRS seeks to (a) reduce the federal income tax assessments owed by Defendant MICHAEL WILLIAM FLAHERTY to a judgment and (b) to foreclosure upon Defendants MICHAEL WILLIAM FLAHERTY and MARGARET RONA LEE FLAHERTY interest in the real property and improvements situated at 53-3951 Hiwahiwa Road, Kapaau, Hawaii 96755 ("Property") in partial satisfaction of defendant MICHAEL WILLIAM FLAHERTY's federal tax liabilities.

The DIRECTOR has an interest in the Property by virtue of that certain Tax Lien against defendant MICHAEL WILLIAM FLAHERTY dated July 22, 2005 and recorded in the Bureau of Conveyance, State of Hawaii, as Document No. 2005-151375.

2. Statement of Jurisdiction.

This court has jurisdiction over this case.

3. Demand for Jury Trial.

There has been no demand for a jury trial.

4. Appropriateness, Extent and Timing of Disclosures.

The DIRECTOR has not filed any disclosures in this case, but intends to file his Fed.R.Civ.P. 26(a) disclosure shortly.

5. Discovery Completed/In Progress/Motions Pending.

The DIRECTOR has not conducted any discovery at this point in the proceeding.

6. Appropriateness of Any Special Procedures or Other Matters.

The DIRECTOR has not requested any special procedure or other matters, but reserves his rights to request any special procedure should one be deemed necessary.

7. Related Cases Pending in any State or Federal Court.

The DIRECTOR is not aware of any related cases pending in any State or Federal Court.

8. Additional Matters.

The parties had one joint telephone conference on January 15, 2009.

DATED: Honolulu, Hawaii, February 9, 2009.

/s/ Kristie Cruz Chang

KRISTIE CRUZ CHANG
Deputy Attorney General

Attorney for Defendant
DIRECTOR OF TAXATION,
STATE OF HAWAII

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CERTIFICATE OF SERVICE

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The undersigned hereby certifies that on February 9, 2009,
a true and correct copy of **DEFENDANT STATE OF HAWAII, DEPARTMENT
OF TAXATION'S SCHEDULING CONFERENCE STATEMENT** was duly served

via U. S. Mail, postage prepaid, on the following at their last known addresses:

JEREMY N. HENDON, ESQ.
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 683, Ben Franklin Station
Washington DC 20044-0683
Attorney for Plaintiff

MICHAEL WILLIAM FLAHERTY
P.O. Box 1308
Kapaau, Hawaii 96755

MARGARET RONA LEE FLAHERTY
P.O. Box 1308
Kapaau, Hawaii 96755

BANK OF HAWAII
c/o Scott I. Takahashi
130 Merchant Street, 16th Floor
Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, February 9, 2009.

/s/ Kristie Cruz Chang

KRISTIE CRUZ CHANG
Deputy Attorney General
Attorney for Defendant
DIRECTOR OF TAXATION,
STATE OF HAWAII